

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 DOTE-00
EB-08 FMC-01 INR-10 NSAE-00 CG-00 DLOS-09 OES-09
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ATHENS FOR RTDO

E.O. 11652: NA
TAGS: EWWT PINT LE
SUBJ: BEIRUT PORT

1. SUMMARY: BEIRUT PORT REMAINS CLOSED AMID INCREASINGLY DIRE PREDICTIONS RE DAMAGE TO THE ECONOMY. CUSTOMS REVENUES FROM ALTERNATE PORTS ARE INCONSEQUENTIAL. PHARAON CLAIMS AGREEMENT REACHED TO REOPEN PORT AUGUST 14. END SUMMARY.

2. ACTING HEAD OF BEIRUT CHAMBER OF COMMERCE GABRIEL BADARO TOLD ECONOFF AUGUST 8 THAT CONCERTED APPEALS BY CHAMBER, THE PORT COMPAGNIE D'EXPLOITATION IN PERSON OF HENRI PHARAON, AND NEWLY FORMED JOINT EMPLOYERS-LABORERS ASSOCIATED (JELA) HAD FAILED TO REOPEN BEIRUT PORT AND WERE UNLIKELY TO SUCCEED IN FORESEEABLE FUTURE. BADARO SAID PORT CLOSURE IS A POLITICAL QUESTION RESOLVABLE ONLY IN CONTEXT MAJOR FORCES NOW ACTIVE IN BEIRUT. SPECIFICALLY, HE GUESSED PORT WOULD REMAIN CLOSED UNTIL CHRISTIAN DEMANDS REGARDING DISPOSITION OF ADF TROOPS IN BEIRUT WERE SATISFIED.

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ASKED WHAT REACTION OF MILITIAS HAD BEEN TO CHAMBER OF COMMERCE APPROACHES, BADARO SAID THAT SHEIKH PIERRE GEMAYEL HIMSELF HAD GIVEN THE PORT REPRESENTATIVES HIS PROMISE TO COOPERATE IN THE REOPENING SCHEDULED FOR AUGUST 1, BUT THE PROMISE HAD BEEN INEFFECTIVE: "WHAT HE SAID WAS NOT AGREED TO BY OTHERS BENEATH HIM." (RIFLE-LAUNCHED GRENADES FIRED INTO PORT FROM KATAEB POSITIONS ADJACENT TO IT AUGUST 1 ABORTED THE OPENING.)

3. BADARO, WHO HAS LARGE INTERESTS IN TEXTILE BUSINESS, NOTED THAT LEBANON'S INDUSTRIES COULD NOT PRODUCE MUCH LONGER WITHOUT THE PORT. MOST FACTORIES HAVE AT MAXIMUM 50-70 DAYS' SUPPLY OF RAW MATERIALS; WHEN THAT IS GONE THEY MUST CLOSE. PORTS AT SIDON AND TRIPOLI AND THE AIRPORT COULD NOT SUBSTITUTE FOR BEIRUT PORT. HIGHER COSTS OF TRANSHIPMENT VIA CYPRUS OR LATAKIA WERE ANOTHER BURDEN TO BE CONSIDERED. LEBANON WAS BY NOW ACCUSTOMED TO INFLATION, BUT EVEN IF LEBANESE CONSUMER AGREED TO PAY MORE, THE EFFECT OF HIGHER RAW MATERIAL COSTS ON LEBANON'S EXPORT INDUSTRIES WOULD BE DAMAGING. ALL THINGS CONSIDERED, TO CLOSE THE PORT WAS SUICIDAL.

4. IN CONVERSATION AUGUST 9 WITH EMBOFF, CHIEF OF CUSTOMS COUNCIL ISAM HAYDAR ECHOED BADARO'S VIEWS. PORT WAS BEING HELD HOSTAGE TO CHRISTIAN/ADF POWER BALANCE AND MIGHT REMAIN CLOSED SEVERAL WEEKS OR SEVERAL MONTHS IF CONFRONTATION IN EAST BEIRUT PERSISTED. HAYDAR PROVIDED DATA REGARDING BEIRUT PORT'S CONTRIBUTION TO TOTAL CUSTOMS REVENUES IN 1978 AS FOLLOWS:

(MILLIONS OF LL)

MONTH	BEIRUT PORT REVENUE	TOTAL CUSTOMS REVENUES
JANUARY	45	56.9
FEBRUARY	43	52.6
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MARCH	43	58.0
APRIL	40	53.5
MAY	49	62.5
JUNE	50 (E)	65 (E)
JULY	0 (E)	NA

AS FOR REVENUES FROM ENTRY POINTS OTHER THAN BEIRUT PORT, HAYDAR'S DATA YIELD THE FOLLOWING (FIGURES CHOSEN ARE FOR MAY, 1978):

(MILLIONS OF LL)

BEIRUT INTERNATIONAL AIRPORT	8.0
TRIPOLI PORT	3.2
MASNAA BORDER CROSSING	1.3
JOUNIEH PORT	.69
SIDON PORT	.22

SAME RANK ORDER CHARACTERIZED EACH OF FIRST SIX MONTHS OF 1978. WE NOTE THAT THREE SECONDARY MARINE PORTS COMBINED GENERATE LESS INCOME THAN THE AIRPORT ALONE.

5. WE HAVE JUST HEARD AUGUST 10 FROM PHARAON THAT HE HAS PER-

SUADED ALL PARTIES--KATAEB, GOL, AND ADF--TO AGREE THAT PORT CAN REOPEN MONDAY AUGUST 14. SINCE IT IS TOO EARLY YET TO KNOW WHETHER THIS ARRANGEMENT IS DESTINED TO BE A REPLAY OF THE ONE THAT FAILED AUGUST 1, OR TO SUCCEED IN THE CONTEXT OF THE CEASE-FIRE ANNOUNCED LAST NIGHT, WE ARE POSTPONING A DOOMSDAY PREDICTION RE LEBANON'S ECONOMY WITHOUT THE PORT. INSTEAD, WE LEND OUR HOPES TO WHATEVER PHARAON BELIEVES HE HAS WORKED OUT.

DECONTROL 12/31/79.

PARKER

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